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|---------------------|--|-----------------|-----|
| <b>AGENCY NAME:</b> | South Carolina Public Employee Benefit Authority |                 |     |
| <b>AGENCY CODE:</b> | F500   | <b>SECTION:</b> | 105 |



## Fiscal Year 2014-15 Accountability Report

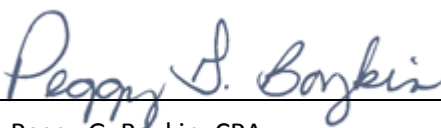
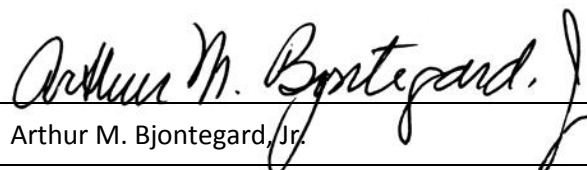
### SUBMISSION FORM

|                       |  |
|-----------------------|--|
| <b>AGENCY MISSION</b> | To recommend, offer, and administer competitive programs of retirement and insurance benefits for public employers, employees, and retirees in South Carolina. |
|-----------------------|--|

Please identify your agency's preferred contacts for this year's accountability report.

|                           | <u>Name</u>          | <u>Phone</u> | <u>Email</u>         |
|---------------------------|----------------------|--------------|----------------------|
| <b>PRIMARY CONTACT:</b>   | Peggy G. Boykin, CPA | 803-734-8117 | pboykin@peba.sc.gov  |
| <b>SECONDARY CONTACT:</b> | Sarah N. Corbett     | 803-737-7751 | scorbett@peba.sc.gov |

I have reviewed and approved the enclosed FY 2014-15 Accountability Report, which is complete and accurate to the extent of my knowledge.

|   |  |
|---|--|
| <b>AGENCY DIRECTOR</b><br><b>(SIGN/DATE):</b><br><br><b>(TYPE/PRINT NAME):</b>  | <div style="text-align: right; margin-bottom: 10px;">09/08/2015</div> <div style="text-align: center;"> <br/> Peggy G. Boykin, CPA </div>       |
| <b>BOARD/CMSN CHAIR</b><br><b>(SIGN/DATE):</b><br><br><b>(TYPE/PRINT NAME):</b> | <div style="text-align: right; margin-bottom: 10px;">09/08/2015</div> <div style="text-align: center;"> <br/> Arthur M. Bjontegard, Jr. </div> |

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### **AGENCY'S DISCUSSION AND ANALYSIS**

For the first time since 2012, the South Carolina Public Employee Benefit Authority Board (PEBA) was under the leadership of its Board of Directors and a permanent executive director. In July 2014, PEBA's Board of Directors appointed Peggy G. Boykin, CPA, as the agency's executive director.

Subsequently, a major focus during fiscal year 2015 was the review of the agency's organizational structure. The executive management team conducted a comprehensive review of the organization, both departmentally and as a whole. As a result, the remaining separate Insurance Benefits and Retirement Benefits operational functions of the mail room, imaging, enrollment, cash receipts and accounting were consolidated and the following positions and units were created:

- Chief Operating Officer
- Chief Financial Officer
- Insurance Policy Director
- Procurement Officer
- Employer Services Director
- Employer Services Unit
- Health Care Policy Unit
- Operational Research and Development Unit

These organizational changes were designed to make PEBA function more efficiently, effectively, and most importantly, responsively to its stakeholder groups. This goal was the mitigating factor behind the creation of the new Employer Services Unit. This unit has three major functions:

- Educating employers on PEBA functions, services and legislation; and providing employers with the essential tools and resources to effectively meet their PEBA-related responsibilities;
- Ensuring our diverse group of employers receive high-quality customer services across PEBA functions; and
- Advocating for operational and technical improvements to PEBA functions to benefit our employers.

Employer Services staff began soliciting feedback from both employers and PEBA employees on current PEBA services and opportunities for improvements as well as conducting a review of other similar-sized state plans to identify other areas for service enhancement. Ownership of PEBA's employer websites have also been transferred to this unit.

Along with reviewing the agency's structure, PEBA also developed Characteristics of High Performance, which were designed to define and promote an organizational culture of high performance. Town Hall style meetings were scheduled to introduce these characteristics to staff, to explain how these characteristics will guide how staff perform as individuals and as an agency, and to give staff a chance to offer comments.

During FY15, PEBA updated its identity. PEBA developed a new logo and tag line which define the agency by encompassing both insurance and retirement. A style guide and templates were also designed and issued to staff to ensure that PEBA presents a consistent look and feel across all mediums. As part of this update, PEBA staff recommended and the Board approved co-branding products with the agency's various insurance and retirement vendors. Along with co-branding, PEBA staff began a strategic review and oversight of all external vendor's marketing and communications plans and contractual responsibilities.

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Beginning in October 2014, Funston Advisory Services (FAS), with oversight from the South Carolina Office of the State Inspector General (SIG), conducted a fiduciary performance audit of PEBA. The purpose of the audit was to critically evaluate the fiduciary roles and responsibilities of PEBA and staff; the relationship with other fiduciaries of the Retirement Systems; and the operational policies and practices of PEBA. The goal of the audit was to identify areas of strengths and weaknesses, provide comparison with leading practices of other retirement agencies and make improvement recommendations.

The final report, which was issued on January 16, 2015, contained 113 recommended improvements. Of the recommendations presented, 102 can be addressed by PEBA directly; legislative changes by the General Assembly will be needed for the remaining 11. During the audit, FAS found that PEBA has been keeping its service promise while maintaining strong cost controls:

- 97 percent or higher customer satisfaction rating for the Call Center and Visitor Center for the previous two fiscal years; and
- PEBA staff are competent, dedicated and service-oriented.

After the final FAS report was issued, PEBA staff incorporated the audit recommendations into PEBA's strategic actions plans for the organization. The Board of Directors adopted the action plans during its March 2015 retreat.

As of June 30, 2015, PEBA had completed 47 of the recommendations. Completed tasks include:

- Confirming State Optional Retirement Program and Deferred Compensation investment advisors acknowledge their compliance with the Securities and Exchange Commission;
- Prioritizing strategic planning as a focus for the Board of Directors;
- Updating the Board of Directors' Bylaws and Committee Charters to include formalizing a process for calling a committee meeting and developing an agenda, developing a Board Orientation Manual and process for new members, and creating a framework for evaluating the Executive Director; and
- Enhancing the Board's Education Policy to include expanded framework on ethical standards and fiduciary training and added outside, non-vendor training requirement.

PEBA is slated to complete 28 of the tasks in fiscal year 2016; 11 in fiscal year 2017; and six in fiscal year 2018.

PEBA continued its participation in Cost Effectiveness Measurement, Inc., benchmarking service for retirement systems. The annual administrative cost per active and retired member was \$31, which was \$47 below the peer median of \$78 as reported in the fiscal year 2014 report.

In cooperation with the Retirement System Investment Commission, PEBA began holding quarterly meetings with stakeholder groups as a way to help ensure that information about important benefits and programs is reaching as many members as possible. A public policy comment form was also added to PEBA's website as a method for the Board to receive comments and feedback on issues facing the agency.

In keeping with PEBA's strategic plan for FY15, the Health and Wellness Initiatives Unit developed health initiatives designed to improve members' health outcomes while reducing costs. These initiatives included a free biometric screening, the Generic Copay Waiver program, a shingles vaccine at no cost for those members age 60 and older and a flu vaccine at no cost beginning July 1, 2015. Marketing kits were developed and distributed to promote the biometric screening and Generic Copay Waiver program. Promotion of the shingles and flu vaccines will continue through the end of 2015.

- For claims incurred and paid from January to May of 2014 compared to 2015, there was a 62.7 percent increase in the biometric screening and a 64.1 percent increase in the shingles vaccine utilization rates.

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- Biometric screening utilization increased from 11,318 to 18,413 and the shingles vaccine utilization increased from 2,440 to 4,005 during the same period.
- Participation in the Generic Copay Waiver program also increased from 3,546 to 6,001 as of first quarter 2015.

The PEBA Board adopted a strategic goal to “design and implement an updated health care plan that focuses on improving health outcomes and reducing costs.” To make progress toward that end, PEBA staff worked in collaboration with its health care consultants and BlueCross BlueShield of South Carolina to benchmark the State Health Plan against both public and private sector insurance plans and to recommend best practices in plan design change to drive improving health outcomes and reducing costs. As part of that process, PEBA staff reviewed the “2015 Segal Health Plan Cost Trend Survey: Top Medical Plan and Prescription Drug Plan Cost-Management Strategies Implemented in 2014” and benchmarked the State Health Plan against those strategies (see charts beginning on Page A-5). The PEBA Board adopted strategies to pursue in 2016-2018 as a result of this work.

The PEBA staff and Board have focused attention on plan design changes that are within the control of PEBA. However, as with every other entity in the health care industry, PEBA is constantly mitigating continual cost increases. Much of the cause of those increases are systemic and not within PEBA’s control. To address this, PEBA is beginning participation in the “Alliance for a Healthier South Carolina” and is receptive to participating in any other collaborative initiative with other state agencies within South Carolina that would help PEBA impact the overall systemic issues of cost in the health care system.

During FY 2015, PEBA continued its record of cost-efficient and effective stewardship for the State Health Plan in particular as is evident from the following data from the “2015 Segal Health Plan Cost Trend Survey:”

PEBA staff continued to work closely with the external actuary and participating employers to implement the Governmental Accounting Standards Board (GASB) Statements 67 and 68 requirements. Staff surveyed employers to obtain information about their audit and financial statements and to ensure PEBA has the appropriate senior level finance contact for each employer. The first GASB 68 Special Audit as of the June 30, 2014, Measurement Date was completed for which an unmodified opinion was issued. Staff continued to enhance PEBA’s online GASB resource center by adding the following:

- Pension Disclosure Memorandum for June 30, 2014, Measurement Date;
- A four-part Online Educational Series on GASB 67/68;
- June 30, 2014, Accounting Valuation Report;
- Contribution Reconciliation Template for Employers; and
- Q&A Document with Frequently Asked Questions.

During FY 2015, PEBA began an operational assessment to evaluate its business processes and procedures for consolidating the Insurance and Retirement information technology systems. One of the goals of the assessment is to increase the availability of online services for employers and members. PEBA will also ensure that its information technology resources are deployed in the safest and secure manner feasible. The assessment is scheduled to be completed by June 2016 and will include a roadmap and recommendations for implementation moving forward.

Our new agency tagline—Serving those who serve South Carolina—serves as a reminder to our staff that the work we do every day makes a difference in the lives of our members and subscribers. PEBA’s Board of Directors, Executive Director and management team remain committed to excellence, accountability and transparency with respect to all of the agency’s responsibilities.

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## State Health Plan vs. national trends

|      | Public and private sector plans <sup>1</sup> | State Health Plan <sup>2</sup> |
|------|--|--------------------------------|
| 2011 | 6.7%   | 2.3%                           |
| 2012 | 6.7%   | 6.4%                           |
| 2013 | 5.6%   | 4.0%                           |
| 2014 | 7.4%   | -1.3%                          |

<sup>1</sup>Includes active participants and retirees under the age of 65 in private and public sector insurance plans.

<sup>2</sup>Trend is defined as claims paid per member (includes employee and dependents).

## Average Annual Gross Plan Cost per Active Employee<sup>1</sup>

|                              | Amount <sup>2</sup> |                    | Amount <sup>2</sup> |
|------------------------------|---------------------|--------------------|---------------------|
| State Health Plan            | \$9,237             | All Employers      | \$10,196            |
| Public Employers             | \$11,478            | Employers – 500+   | \$10,658            |
| Private – Mfg.               | \$10,748            | Employers – 20k+   | \$10,550            |
| Private – Financial Services | \$10,580            | South <sup>3</sup> | \$9,894             |

<sup>1</sup>Average cost in PPO (Preferred Provider Organization) and POS (Point of Service) plans

<sup>2</sup>**Average Annual Gross Plan Cost per Employee (Medical and Pharmacy Only for Active Employees and Their Dependents)** = (Claims cost for employee and dependents + administrative costs + employee contributions)/number of active employees

<sup>3</sup>**South:** Includes Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

## 2014 Average Monthly Total Premiums<sup>1</sup>

Totals include Employee and Employer Contributions

|   | Single | Family  |
|---|--------|---------|
| State Health Plan                                       | \$429  | \$1,129 |
| Lg. Public & Private Sector Employers <sup>1</sup>      | \$528  | \$1,469 |
| Public & Private Sector Employers in South <sup>2</sup> | \$495  | \$1,378 |
| Public Employers  | \$530  | \$1,317 |
| Private – Manufacturing                                 | \$511  | \$1,451 |
| Private – Financial Services                            | \$522  | \$1,439 |

<sup>1</sup>**Lg. Public and Private Sector Employers:** ≥ 200 employees in public and private sectors

<sup>2</sup>**Public & Private Sector Employers in South:** Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

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## 2014 Average Annual Deductible

|   | Amount |
|---|--------|
| State Health Plan                                       | \$420  |
| Lg. Public & Private Sector Employers <sup>1</sup>      | \$657  |
| Public & Private Sector Employers in South <sup>2</sup> | \$893  |

<sup>1</sup>**Lg. Public and Private Sector Employers:** ≥ 200 employees in public and private sectors

<sup>2</sup>**Public & Private Sector Employers in South:** Includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

## 2015 Composite Monthly Premiums<sup>1</sup>

Compared to Other State Employee Health Plans

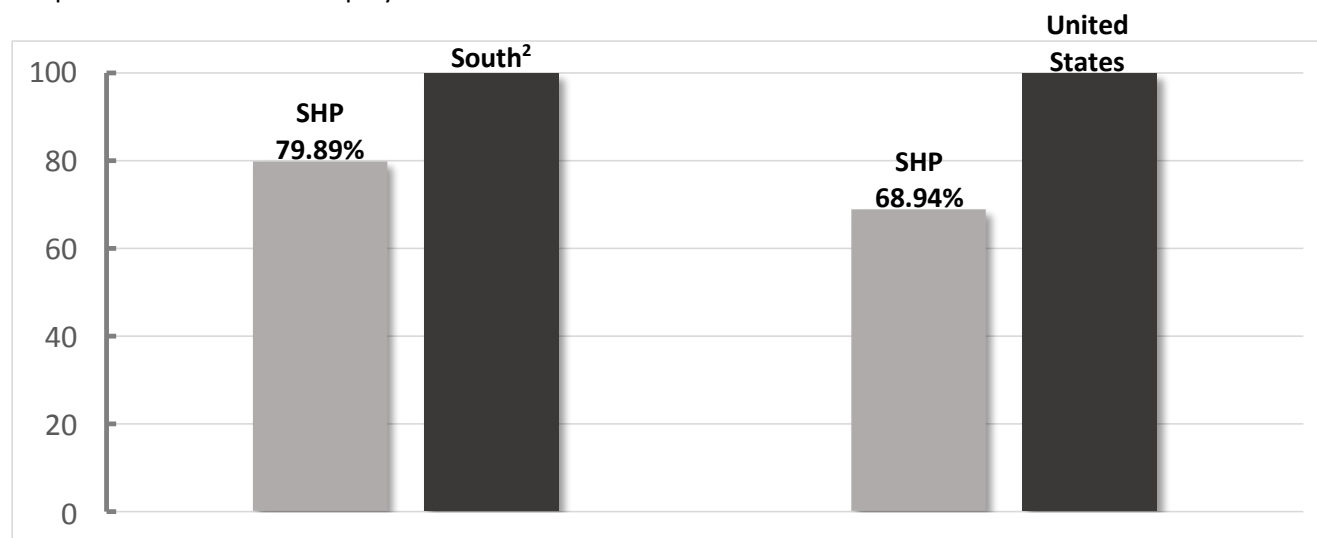
|                    | Employer | Employee | Total    |
|--------------------|----------|----------|----------|
| State Health Plan  | \$487.64 | \$159.32 | \$646.96 |
| South <sup>2</sup> | \$637.06 | \$172.45 | \$809.51 |
| United States      | \$765.26 | \$173.16 | \$938.42 |

<sup>1</sup>**Composite Monthly Premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

<sup>2</sup>**South:** Includes Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

## SHP Composite Monthly Premiums<sup>1</sup> as a Percentage of Regional and National Averages

Compared to Other State Employee Health Plans

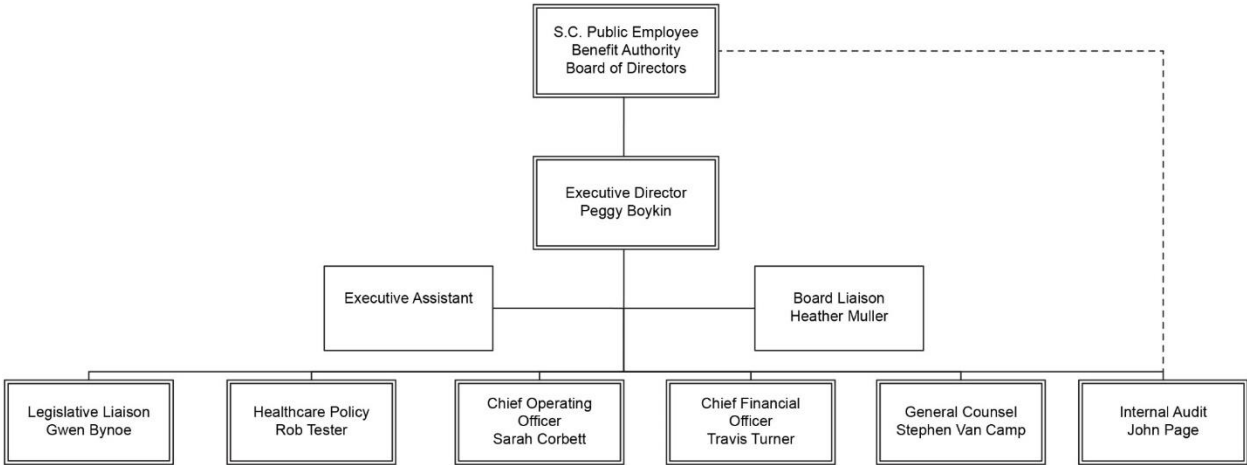


<sup>1</sup>**Composite Monthly Premiums:** Weighted average of all PEBA health subscribers enrolled in each coverage level

<sup>2</sup>**South:** Includes Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia and West Virginia

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# Organizational Structure







| Agency Name: Public Employee Benefit Authority |  |                     |                    |   |                 |  |                 |   |                         | Fiscal Year 2014-15<br>Accountability Report |  |
|--|--|---------------------|--------------------|---|-----------------|--|-----------------|---|-------------------------|--|--|
| Agency Code: F500      Section: 105            |  |                     |                    |   |                 |  |                 |   |                         | Performance Measurement Template             |  |
| Item   | Performance Measure  | Last Value          | Current Value      | Target Value  | Time Applicable | Data Source and Availability                         | Reporting Freq. | Calculation Method  | Associated Objective(s) |  |  |
| 1  | Call Center Wait Times- Insurance and Retirement                           | 1 minute 26 seconds | 1 minute 5 seconds | < 1 min. 45 sec.  | Fiscal Year     | CMS, daily   | Monthly         | Number of minutes and seconds between the time a call enters the call center queue and the time the call is answered    | 1.1.1, 1.5.4, 1.6.4     |  |  |
| 2  | Visitor Wait Time- Insurance   | 5 minutes           | 5 minutes          | < 15 minutes  | Fiscal Year     | UNIX, daily  | Monthly         | Number of minutes between the time a visitor signs in at reception and the time the visitor meets with a counselor      | 1.1.1, 1.5.4            |  |  |
| 3  | Visitor Wait Time- Retirement  | 6 minutes           | 7 minutes          | < 15 minutes  | Fiscal Year     | UNIX, daily  | Monthly         | Number of minutes between the time a visitor signs in at reception and the time the visitor meets with a counselor      | 1.1.1, 1.5.4            |  |  |
| 4  | Call Center Customer Satisfaction Survey Results- Insurance and Retirement | 98.60%              | 98.80%             | > 95%   | Fiscal Year     | Survey Box (Voicemail System), monthly               | Monthly         | Percentage of respondents to the Call Center Post-Call Satisfaction Survey who gave a response of "satisfied"           | 1.1.1, 1.5.4            |  |  |
| 5  | Visitor Customer Satisfaction Survey Results- Insurance and Retirement     | 99.58%              | 98.83%             | > 95%   | Fiscal Year     | ZIP SURVEY, annual                                   | Annual          | Percentage of respondents to the Visitors Center Post-Counseling Satisfaction Survey who gave a response of "satisfied" | 1.1.1, 1.5.4            |  |  |
| 6  | Retirement Benefits Member Access Users                                    | 69,741              | 95,052             | N/A   | June 30         | ADABAS file for Member Access account holders, daily | As Requested    | Total number of existing active accounts in the Member Access system  | 1.1.1, 1.5.4, 1.6.4     |  |  |
| 7  | IT System Availability- Percent Available                                  | 99.98%              | 99.64              | 99%   | Fiscal Year     | Illient, daily                                       | Annual          | Hours recorded downtime divided by hours available  | 1.1.1, 1.5.4            |  |  |
| 8  | Percentage of IT Helpdesk Calls Resolved Within 24-hour Business Cycle     | 78.95%              | 91.50%             | 90%   | Fiscal Year     | Illient, daily                                       | Annual          | 1 minus the # of help desk calls taking more than 24 hours to resolve divided by total help desk calls                  | 1.1.1, 1.5.4            |  |  |
| 9  | Generic Prescription Drug Utilization as a Percentage of all Prescriptions | 77%                 | 79.80%             | 81%   | Calendar Year   | Claims Data, updated bi-weekly                       | Monthly         | Number of generic prescriptions filled as a percentage of total prescriptions filled                                    | 2.1.1, 2.1.2, 2.1.5     |  |  |
| 10   | Claim \$ Increase Per Member-SHP   | 4%                  | -1.30%             | Less than national average (Public and Private Sector) 7.4% | Calendar Year   | 2015 Segal Health Plan Cost Trend Survey, annual     | Annual          | Average Claim \$ per member (includes employee and dependents) increase current year compared to previous year          | 2.1.1, 2.1.2, 2.1.5     |  |  |

| Performance Measure |   | Last Value  | Current Value                   | Target Value   | Time Applicable | Data Source and Availability   | Reporting Freq. | Calculation Method   | Performance Measurement Template Associated Objective(s) |
|---------------------|---|---|---------------------------------|--|-----------------|--|-----------------|--|--|
|                     |   | Rate favorably against other employers:<br>1. Public Employers \$11,478<br>2. Private Mfg. \$10,748<br>3.Private Financial Services \$10,580<br>4. All Employers \$10,196<br>5. Employers 500+ \$10,658<br>6. Employers 20k+ \$10,550<br>7. South \$9,984 |                                 |  |                 |  |                 |  |  |
| 11                  | Average Annual Gross Health Plan Cost per Active Employee-SHP | N/A   | \$9,237                         |  | Calendar Year   | 2013 Mercer National Survey of Employer-Sponsored Health Plans, annual       | Annual          | Claims cost for employee and dependents + admin costs + employee contributions divided by the number of active employees | 2.1.1, 2.1.2, 2.1.5                                      |
| 12                  | Average Monthly Health Premiums-SHP                           | Single-\$408.20<br>Family-\$1,076   | Single-\$429<br>Family- \$1,129 | Single-\$495<br>Family- \$1,378<br>3. Public Employers Single- \$530<br>Family- \$1,317<br>4. Private Manufacturing Single- \$511<br>Family- \$1,451<br>5. Private Financial Services Single- \$522<br>Family- \$1,439 | Calendar Year   | Kaiser Family Foundation Employer Health Benefits 2014 Annual Survey, annual | Annual          | Average Monthly Total Premiums (including employee and employer contributions)   | 2.1.1, 2.1.2, 2.1.5                                      |

| Item | Performance Measure | Last Value | Current Value | Target Value | Time Applicable | Data Source and Availability | Reporting Freq. | Calculation Method | Performance Measurement Template Associated Objective(s) |
|------|---------------------|------------|---------------|--------------|-----------------|------------------------------|-----------------|--------------------|--|
|------|---------------------|------------|---------------|--------------|-----------------|------------------------------|-----------------|--------------------|--|

|    |                                      |       |       |  |               |  |        |                           |                     |
|----|--------------------------------------|-------|-------|--|---------------|--|--------|---------------------------|---------------------|
| 13 | Average Annual Health Deductible-SHP | \$350 | \$420 | Rate favorably against other employers:<br>1. Lg. Public/Private Sector Employers \$657<br>2. Public/Private Sector Employers in the South | Calendar Year | Kaiser Family Foundation Employer Health Benefits 2014 Annual Survey, annual | Annual | Average Annual Deductible | 2.1.1, 2.1.2, 2.1.5 |
|----|--------------------------------------|-------|-------|--|---------------|--|--------|---------------------------|---------------------|

|    |                            |  |  |   |               |                         |        |   |                     |
|----|----------------------------|--|--|---|---------------|-------------------------|--------|---|---------------------|
| 14 | Composite Monthly Premiums | Employer \$469.33<br>Employee \$159.66 | Employer \$487.64<br>Employee \$159.32 | Rate favorably against other employers:<br>1. South-<br>Employer \$637.06<br>Employee \$172.45<br>2. United States-<br>Employer \$765.26<br>Employee \$173.16 | Calendar Year | 50 State Survey, annual | Annual | Weighted average of all PEBA health members enrolled in each coverage level | 2.1.1, 2.1.2, 2.1.5 |
|----|----------------------------|--|--|---|---------------|-------------------------|--------|---|---------------------|

|    |  |        |        |  |                 |                          |         |   |   |
|----|--|--------|--------|--|-----------------|--------------------------|---------|---|---|
| 15 | Total Pension Admin Cost per Active Member and Annuitant | \$35   | \$31   | Rate favorably against the peer average-\$78   | Fiscal Year     | CEM Benchmarking, annual | Annual  | Total pension administration cost divided by number of active members   | 1.4.1, 1.5.1, 1.5.2, 1.5.4, 1.5.7, 1.5.8, 1.6.4 |
| 16 | Participation in Preventive Biometric Screenings         | 14,121 | 24,477 | Increase Participation by 10,000<br>Note: Initiative began Jan 2015; 2016 Accountability Report will reflect calendar year in time applicable column | Jan 1 - June 30 | Claims Data, daily       | Monthly | Number of eligible SHP members who participated in Preventive Biometric Screenings where the SHP is the primary payer | 2.1.1, 2.1.2, 2.1.3, 2.1.5, 2.3.1, 2.3.2        |

|    |  |      |      |   |         |                                       |         |  |  |
|----|--|------|------|---|---------|---------------------------------------|---------|--|--|
| 17 | Participation in Generic Co-Pay Waiver Program | 3.6% | 6.9% | Increase participation to 7% of eligible population | June 30 | Co-Pay Waiver Eligibility Data, daily | Monthly | Percentage of eligible SHP members who participated in Generic Co-Pay WaiverProgram where the SHP is the primary payer | 2.1.1, 2.1.2, 2.1.3, 2.1.5, 2.3.1, 2.3.2 |
|----|--|------|------|---|---------|---------------------------------------|---------|--|--|

|    |                  |       |       |   |                 |                    |         |  |  |
|----|------------------|-------|-------|---|-----------------|--------------------|---------|--|--|
| 18 | Shingles Vaccine | 2,982 | 4,703 | 8,710<br>Note: Initiative began Jan 2015; 2016 Accountability Report will reflect calendar year in time applicable column | Jan 1 - June 30 | Claims Data, daily | Monthly | Number of eligible SHP members who received Shingles vaccine | 2.1.1, 2.1.2, 2.1.3, 2.1.5, 2.3.1, 2.3.2 |
|----|------------------|-------|-------|---|-----------------|--------------------|---------|--|--|

Agency Name:

SC Public Employee Benefit Authority

Fiscal Year 2014-15  
Accountability Report

Agency Code:

F500

Section:

105

Strategic Planning Template

| Type | Goal | Item #<br>Strat | Object | Description   |
|------|------|-----------------|--------|---|
| G    | 1    |                 |        | Create an organization driven by the pursuit of excellence in all areas.  |
| S    |      | 1.1             |        | Ensure PEBA Board anticipates and develops creative solutions to challenges faced by public employee insurance and retirement plans.  |
| O    |      | 1.1.1           |        | Hire a consultant to assist with customer satisfaction surveys and on-going performance monitoring by 2015  |
| O    |      | 1.1.2           |        | Create an Employer Advisory Group with employers by 2015  |
| O    |      | 1.1.3           |        | Create a formal method for receiving feedback on employer services from employees by 2015   |
| O    |      | 1.1.4           |        | Create an internal committee to evaluate employer needs and how employer services are currently provided and how employer services can be enhanced in the future by 2015  |
| O    |      | 1.1.5           |        | Survey other plans to determine benchmarks for employer services by 2015  |
| O    |      | 1.1.6           |        | Evaluate the results of the fiduciary audit, integrate results into strategic plan and take action on the recommendations as appropriate by 2015  |
| S    |      | 1.2             |        | Maintain an engaged and open relationship with the South Carolina Retirement System Investment Commission, the Budget and Control Board, and the South Carolina Executive and Legislative Branches of government. |
| O    |      | 1.2.1           |        | Evaluate current state of branding and implement improvements by 2015   |
| O    |      | 1.2.2           |        | Meet with stakeholders to determine method for improving communications with the PEBA Board and staff by 2015   |
| O    |      | 1.2.3           |        | Develop a post-grandfathered health plan for review by the Governor and Legislature by 2015   |
| S    |      | 1.3             |        | Create a "one-stop-shop" for members and benefits administrators to receive services.   |
| O    |      | 1.3.1           |        | Redesign website to improve what information is provided and how it is presented for ease of use by 2016  |
| S    |      | 1.4             |        | Ensure PEBA services are rated both cost effective and of high quality.   |

|   |       |  |
|---|-------|--|
| O | 1.4.1 | Continue regular participation in CEM Benchmarking services for pension plans and the annual 50-State Survey for public employee health plans <b>Note: CEM Benchmarking and Funston Advisory Services provided the following feedback to PEBA:</b><br>1. Total pension administration cost per active member is \$47 below peer average<br>2. State Health Plan costs (claims paid per member) have risen at a much lower rate year after year compared to national trends for other public and private insurance plans from 2011 through 2014<br>3. PEBA has obtained a 97 percent or higher customer service satisfaction rating for our Customer Service and Visitor Center for the two previous fiscal years<br>4. PEBA staff are competent, dedicated, and service oriented. Answered 125,826 calls and counseled 12,805 visitors in 2014 |
| S | 1.5   | <b>Recruit and maintain a stable, sufficient, and proficient workforce to carry out the strategic goals of the agency.</b>   |
| O | 1.5.1 | Formalize affiliation and track participation in industry associations to ensure core competencies are developed and maintained and best practices are shared by 2015  |
| O | 1.5.2 | Modify hiring practices to ensure effective recruitment and selection of professional level staff with the potential to serve the agency in various capacities by 2015   |
| O | 1.5.3 | Create and communicate an agency compensation plan and philosophy to provide transparency and guidance in pay practices by 2015  |
| O | 1.5.4 | Define and promote an organizational culture of high performance by 2015<br>Develop a set of Characteristics of High Performance- Introduce these to the staff through a targeted campaign over a two month period and continue to use as a guide in how we perform as individuals and as an agency  |
| O | 1.5.5 | Develop orientation videos for new PEBA employees by 2016  |
| O | 1.5.6 | Explore the utilization of bonuses for achievement of budget efficiencies and high performance by 2016   |
| O | 1.5.7 | Implement a training and development program by 2016   |
| O | 1.5.8 | Identify workforce needs and develop a workforce plan by 2016  |
| O | 1.5.9 | Increase internal participation in wellness programs for PEBA as an agency by 2015   |
| S | 1.6   | <b>Implement a new, integrated system that improves efficiency in operations and effectiveness in service delivery.</b>  |
|   | 1.6.1 | Collect email addresses for members and develop technical mechanism for communicating mass emails: modify business processes to incorporate capture and use of email addresses; procure system for mass emails by 2015   |
| O | 1.6.2 | Update call management system by 2015  |
| O | 1.6.3 | Develop a long term facilities plan, which includes remedying current issues in the physical property by 2016  |



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| O | 1.6.4 | Complete the conversion of paper documents to electronic submission and self service opportunities via the internet by 2015   |
|   | 1.6.5 | Conduct an Operational Assessment by 2016 consisting of: <ol style="list-style-type: none"> <li>1. 'As Is': Current Business Flow document</li> <li>2. 'To Be': Future Business Flow document</li> <li>3. High Level Roadmap</li> </ol>   |
| O |       |   |
| S | 1.7   | <b>Integrate insurance and retirement staffs' functions and responsibilities as appropriate.</b>  |
| O | 1.7.1 | Continued consolidation of common retirement and insurance processes. Explore additional organizational changes to provide opportunity for efficiencies and employee exposure by 2016   |
| G | 2     | <b>Design and implement an updated health care plan that focuses on improving health outcomes and reducing costs. Utilize benchmarking to compare performance to other plans (public and private).</b>  |
| S | 2.1   | <b>Provide the maximum competitively-necessary benefit within the available resources on the most cost-efficient basis.</b>   |
| O | 2.1.1 | Define and measure appropriate benchmarks against both public and private sector insurance plans by 2015  |
| O | 2.1.2 | Reduce healthcare plan costs through continued development of cost saving initiatives: <ol style="list-style-type: none"> <li>1. Value-based contracting- High-Performance Hospital Network and Patient-Centered Medical Homes (PCMH's)</li> <li>2. Reference-based pricing (hospital setting costs vs. non-hospital)</li> <li>3. Specialty pharmacy management</li> <li>4. Value-based insurance design</li> <li>5. Continued focus on wellness</li> </ol> |
| O | 2.1.3 | Expand and utilize database for biometric data: procurement or development of database by 2015  |
| O | 2.1.4 | Monitor claims and clinical data experience of MUSC pilot health plan and take additional action as appropriate by 2015   |
| O | 2.1.5 | Identify and implement a comprehensive health care consultant relationship for the health care plan by 2016   |
| S | 2.2   | <b>Ensure stakeholders understand the rationale behind policy decisions regarding PEBA products and services.</b>   |
|   | 2.2.1 |   |
| O |       | Health and Wellness Initiatives: develop and communicate a wellness scorecard to employers by 2016  |
| O | 2.2.2 | Complete additional reporting required by the ACA by 2016   |
| S | 2.3   | <b>Educate members on the nature of their benefits in order to make sound decisions regarding their benefit plans and service choices.</b>  |
| O | 2.3.1 | Review external vendors marketing and communications plans and contractual responsibilities:<br>Develop marketing plans for key health care products and services identified in the health care policy strategic action plan by 2015  |

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|          |            | 2.3.2 | <i>Increase participation in the following Health and Wellness Initiatives by 2016:</i>  |
|          |            |       | <ul style="list-style-type: none"> <li>1. Biometric screenings by 10,000 participants</li> <li>2. Co-pay waiver program to at least 7 percent of eligible population</li> <li>3. Shingles shots by 40 percent</li> <li>4. Flu shots</li> <li>5. Colorectal cancer screening (colonoscopy)</li> <li>6. Adult vaccines</li> <li>7. Tobacco cessation medication</li> <li>8. Diabetes education</li> </ul>  |
| 0        |            |       |  |
| <b>G</b> | <b>3</b>   |       | <b>Provide for the efficient and cost effective administration of the retirement systems for active and retired members of the systems.</b>  |
| <b>S</b> | <b>3.1</b> |       | <b>Ensure members are retirement ready.</b>  |
|          |            | 3.1.1 | Adopt best practices for SC Deferred Compensation Program's (SCDCP) structure and investment options: <ul style="list-style-type: none"> <li>1. Evaluate automatic enrollment</li> <li>2. Implement participant fee disclosures conforming to ERISA Section 404(a)</li> <li>3. Implement the business transformation project which requires employers to offer all features of the program and adhere to standardized remittance and reporting requirements</li> </ul> |
| 0        |            | 3.1.2 | Determine methods for increasing participation in the SCDCP: Complete legal agreement to sharing information between PEBA and Empower Retirement to increase participation in the SCDCP by 2015  |
| 0        |            | 3.1.3 | Adopt best practices for State ORP structure and investment options by 2016: <ul style="list-style-type: none"> <li>1. Evaluate consolidated investment menu for State ORP providers</li> <li>2. Implement elimination of revenue sharing to plan administrators</li> <li>3. Implement requirement for investment advice</li> </ul>  |
| 0        |            | 3.1.4 | Increase the number of employers offering the SCDCP  |
| 0        |            | 3.1.5 | Determine methods for increasing participation in the SCDCP by 2015: Determine a protocol for using information obtained via the Retirement Systems to increase participation in the SCDCP   |
| 0        |            | 3.1.6 | Add retirement readiness presentations to field education seminars and website videos by 2015  |
| 0        |            | 3.1.7 | Determine communication strategy for achieving retirement readiness goals by 2017  |
| 0        |            | 3.1.8 | Focus education for all retirement plan participants on retirement readiness by 2016   |
| <b>S</b> | <b>3.2</b> |       | <b>Ensure stakeholders understand the rationale behind policy decisions regarding PEBA products and services.</b>  |
| 0        |            | 3.2.1 | Complete operational requirements for new GASB OPEB standards (drafts) by 2018   |
| 0        |            | 3.2.2 | Implement GASB 67 in the Retirement Systems financial statements for the fiscal year ended June 30, 2014   |
| 0        |            | 3.2.3 | Contract and work with external auditor to obtain audit opinion on census data and actuary schedules containing data required for covered employers to be compliant with GASB 68 by 2015   |

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|   |     | 3.2.4 | <i>Provide training and education to covered employers and their auditors on GASB 67 and 68 through presentations at conferences, seminars, and webinars by 2015</i>             |
| O |     |       |  |
| O |     | 3.2.5 | <i>Confirm that investment advisors acknowledge their compliance with SEC pay to play regulations and state requirements by 2015</i>   |
| S | 3.3 |       | <b>Establish funding mechanisms for the plans that are fiscally sound.</b>   |
| O |     | 3.3.1 | <i>Conduct an independent actuarial audit in 2017</i>  |
| O |     | 3.3.2 | <i>Develop procedures to determine when and how to adopt annuity option factor changes by 2017</i>   |
| G | 4   |       | <b>Ensure the highest fiduciary, legal, and ethical standards are known and applied across the organization.</b>   |
| S | 4.1 |       | <b>Ensure stakeholders understand the rationale behind policy decisions regarding PEBA products and services.</b>  |
|   |     | 4.1.1 | <i>Develop a comprehensive communications plan for PEBA including Board of Directors, employers, members, employees, legislators, the public and other stakeholders by 2015</i>  |
| O |     | 4.1.2 | <i>Ensure legislative updates are communicated with employers timely by 2015</i>   |
| S | 4.2 |       | <b>Educate internal staff on policy decisions and ensure understanding of the impact on their work.</b>  |
| O |     | 4.2.1 | <i>Ensure each operational area has up-to-date written policies and procedures and department specific training to be used in cross-training and on-the-job training by 2016</i> |
| S | 4.3 |       | <b>Ensure information technology resources are deployed in the most safe and secure manner feasible.</b>   |
| O |     | 4.3.1 | <i>Review written training material to ensure PII and HIPAA information is appropriately protected by 2015</i>   |
| O |     | 4.3.2 | <i>Complete a business continuity plan by 2016</i>   |
| O |     | 4.3.3 | <i>Complete a post cyber attack recovery plan by 2015</i>  |
| O |     | 4.3.4 | <i>Evaluate the costs and benefits of cyber insurance by 2015</i>  |
| O |     | 4.3.5 | <i>Review and improve IT security and comply with state government guidelines</i>  |
| S | 4.4 |       | <b>Define the fiduciary responsibilities of the Board and it's committees and ensure they have the resources to satisfy them.</b>  |
| O |     | 4.4.1 | <i>Review and determine how to implement Enterprise Risk Management for PEBA by 2017</i>   |
| O |     | 4.4.2 | <i>Develop a "Powers Reserved" governance framework by 2015</i>  |
| O |     | 4.4.3 | <i>Improve Bylaws and charters by 2015</i>   |
| O |     | 4.4.4 | <i>Schedule in-house fiduciary training for FY15 and a rotating program for the future by 2016. Topics include the duties of loyalty and impartiality</i>                        |
| O |     | 4.4.5 | <i>Consider enhancing the Board Education Policy: Provide an expanded framework around ethical standards and specific training needs by 2015</i>                                 |
| O |     | 4.4.6 | <i>Develop a PEBA Board member orientation manual and process by 2015</i>  |
| O |     | 4.4.7 | <i>Engage a consultant to facilitate the PEBA Board's self assessment process by 2015</i>  |
| O |     | 4.4.8 | <i>Identify a method for evaluating vendor solicitations and include a sourcing and disclosure form by 2015</i>  |
| O |     | 4.4.9 | <i>Prepare a list of suggested external Board training and education programs and update on annual basis by 2015</i>   |